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Construction Insurance Spotlight



Highlights of the 2017 revision to the AIA 201-2017: General Conditions of the Contract for Construction

For over 125-years, The American Institute of Architects (the “AIA”) has been publishing standardized documents for the construction industry. This library, which includes a variety of contracts, are the most commonly-used documents for developers, contractors and design professionals. Historically, the AIA issues revised contracts every 10-years to respond to legal and market trends.

The “AIA 201- General Conditions” saw some major revisions in 2017. While some were substantive, others were made to foster flexibility and discussion between the parties or to simplify the document. Major revisions included:

- **Insurance and Bonds**- The most significant revision was that these terms were moved to their own exhibit. The exhibit is easier to read and differentiates between required (i.e.: General Liability, Builder’s Risk) and optional insurances (Asbestos, Railroad). It also establishes Owner liability to the Contractor for failing to procure project insurance.

- **Owner’s Ability to Pay**- In response to the financial crisis, the AIA 201 now includes comprehensive language regarding the Owner’s ability to pay, outlining a detailed notice procedure that allows the Contractor to suspend work or refuse to proceed.

- **Email**- In response to current technology trends, the AIA 201 now allows notices to be sent through “electronic communication”, but maintains that claims deserve more attention and continue to be sent by previously-established methods.

- **Warranties**- This revision requires all equipment or material warranties be issued in the Owner’s name, thereby simplifying the warranty process. Also clarified are the Contractor warranty obligations before and after substantial completion.

- **Liens**- Contractors are now explicitly required to submit liens waivers and releases with their applications for progress payment and indemnify the Owner from all damages it suffers as a result of a subcontractor’s lien where the Owner has already paid.

The above revisions are not exclusive; they simply highlight some of the substantive revisions that could affect your rights and responsibilities on a project. The AIA offers more information on its website at: www.aiacontracts.org/contract-doc-pages/67216-2017-document-release.

If your broker does not understand your business, you question their dedication or you simply want a competing quote on your upcoming renewal or project, consider the Construction/Real Estate Practice at Edwards & Company Insurance.



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Michael Kertzner has been in NYC real estate/construction since 1998. He obtained his law degree in 2005 while still managing a large, NYC-based electrical contractor. He then practiced construction litigation (breach of contract/liens/surety actions) before becoming COO/Legal Counsel for a large developer/builder and joining the insurance industry.

Michael’s experience allows him to understand the nuance of his clients’ businesses. His extensive network allows him to introduce his clients to properties, partners, vendors and contracts. Lastly, his legal education allows him to provide a more technical level of work product when quantifying insurance costs, compliance and reporting.

The Edwards Construction/Real Estate Practice uses a collaborative approach in providing insurance and bonding for developers, contractors, subcontractors and property owners, large and small.